

MANAGEMENT DISCUSSION AND ANALYSIS

The following management's discussion and analysis (the "MD&A") objective is to help the reader better understand the activities of KDA Group Inc., ("KDA" or the "Corporation"), and the highlights of its unaudited consolidated interim financial situation. It explains the consolidated financial situation and the results of its operations for the three-month period (the "First quarter" or "Q1-2024") ended October 31st, 2023, and the comparison of the Corporation's consolidated statement of financial position as of July 31st, 2023.

The MD&A has been prepared in accordance with Regulation 51-102 and should be read in conjunction with the audited consolidated financial statements of the Corporation for the fiscal year ended July 31st, 2023, and the related notes thereto.

The unaudited condensed consolidated interim financial statements and this MD&A have been reviewed by the Audit Committee and approved by the Corporation's Board of Directors on December 19, 2023.

The context otherwise required, all references to "KDA", "Corporation", "our", "us", "we" refers to KDA Group Inc. as consolidated with its subsidiaries. Further information about the Corporation, projects, annual and quarterly reports are available for consultation on the website of SEDAR at the following address: www.sedar.com.

LOOKING-FORWARD STATEMENTS

Some statements contained in this MD&A, especially the opinions, the projects, the objectives, the strategies, the estimates, the intent, and the expectations of the Corporation that are not historical data, are forward-looking statements. Such statements can be recognized by the terminology "budget", "forecast", "anticipate", "intends", "consider", "anticipates", "foresee", "believes" and other terms and similar expressions like "may", "could", "would", "might" or "will". The statements are based on information available at the time they are made, on assumptions established by the management and on the management expectation, acting in good faith, concerning future events, and concerning, by their nature, known and unknown risks and uncertainties mentioned herein (see the section Risks and uncertainties). The actual results for the Corporation could differ materially.

Although the Corporation believes that the expectations conveyed by the forward-looking statements are reasonable based on the information available to the Corporation on the date hereof, no assurance can be given as to future results, approvals, or achievements. Forward-looking statements contained in this MD&A and in the documents incorporated by reference herein are expressly qualified by this cautionary statement. The Corporation disclaims any duty to update any of the forward-looking statements after the date of this MD&A except as otherwise required by applicable law.

REPORTING ENTITY, NATURE OF OPERATIONS AND SCOPE OF ACTIVITIES

The Corporation is domiciled in Canada and incorporated under the Business Corporations Act (Quebec). Its shares are listed for trading on the TSX Venture Stock Exchange under the symbol KDA.

The Corporation commenced operations as a provider of pharmacy personnel replacement and vocational training services and then evolved, using an acquisition strategy, to become a leading solution and services provider to pharmacies and pharmaceutical companies in Canada and finally, to focus on the development and marketing of its technological products for the fast changing connected healthcare market.

The development of its technological products includes four different platforms:

- **KRX Dental:** An electronic prescription platform assisting dentists in their practice (development completed, and deployment has begun).

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- **KRX Medical:** An electronic prescription platform assisting physicians in their practice (still in development).
- **KRX Cannabinoïd:** An electronic prescription platform assisting physicians in their practice when prescribing medical cannabis. (Development completed, and commercialization will begin during the current fiscal year).
- **Adherize (ADRX):** A platform that offers content allowing healthcare professionals (doctors and pharmacists) to virtually present various information. The platform includes various modules: Intelligent dialogue system, online questionnaire, pharmacist dashboard, developed algorithms, and a patient portal (still in development).

It's not recommended to unduly rely upon these forward-looking statements. The forward-looking statements do not reflect the potential incidence of special events which could be announced or take place after the date of this MD&A. Except if the applicable legislation requires it, the Corporation does not intend to update these prospective statements to reflect new information or future events, and it is by no means committed doing so.

Significant subsidiaries – ownership:

Corporation	Nature of Services	October 31 st , 2023	July 31 st , 2023
Groupe Technologique KDA inc.	Pharmaceutical Technology	80%	80%
Covapharm inc.	Pharmaceutical Technology	80%	80 %

HIGHLIGHTS

- On September 21, 2023, the Corporation replaced its unsecured convertible debenture dated June 22, 2021, with an unsecured convertible debenture in the amount of \$450,000 at an eleven percent (11%) interest rate per year for a term of two (2) years (the “Debenture”) with an accredited investor. The Debenture is convertible at the option of the Debenture holder for up to 4,500,000 Common Shares in the share capital of KDA at a conversion price of \$0.10 per Common Share for a period of 24 months following closing; and an unsecured loan in the amount of \$300,000 at an eleven percent (11%) interest rate per year for a term of two (2) years.
- On September 22, 2023, the Corporation, pursuant to its stock option plan, granted incentive stock options to directors, officers, employees and consultants of the Corporation to purchase up to an aggregate of 6,050,000 Common Shares. The stock options are exercisable on or before September 22, 2028 at a price of \$0.10 per Common share, are subject to a 24-month vesting period and are granted in accordance with the policies of the TSX Venture Exchange and the terms and conditions of the Corporation’s stock option plan.

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FINANCIAL POSITION
SELECTED FINANCIAL INFORMATION

	October 31, 2023	July 31, 2023
	\$	\$
Cash and cash equivalents	2,118,226	4,632,498
Receivables	1,563,473	1,977,693
Non-current assets	15,075,539	15,159,536
Total Assets	18,845,956	21,814,258
Short-term and long-term debt	910,000	1,605,000
Total Liabilities	3,815,687	5,308,578
Total Deficiency	15,030,269	16,505,680

The net cash flow variation is mainly attributable to operational activities and debt repayment.

As of October 31, 2023, accounts receivable of \$1,563,473 include an outstanding balance from the sale of a subsidiary amounting to \$1,012,500 (\$1,052,046 as of July 31, 2023).

Although the net change in non-current assets is not significant, substantial transactions did occur. During the three-month period ending on October 31, 2023, the Company incurred new development expenses totaling \$488,543 and began amortizing its ZRX property rights and one of the platforms developed in previous fiscal years for a total amount of \$473,085.

Overall, liabilities decreased by \$1,492,891, primarily due to debt repayment and the working capital adjustment related to the sale of subsidiaries operating in the pharmacy services sector.

NET INCOME AND COMPREHENSIVE INCOME
SELECTED FINANCIAL INFORMATION

	Three-month periods ended October 31 st	
	2023	2022
	\$	\$
Revenues	27,140	93,119
Operating expenses	1,659,994	753,318
Net finance costs	33,149	389,612
Loss from continuing operations	(1,666,003)	(1,049,811)
Net income from discontinued operations	-	1,010,513
Net loss and comprehensive loss	(1,666,003)	(39,298)
Net loss per share, basic and diluted	(0.10)	-

Currently, operating revenues are negligible; however, the deployment of the KRX Dental technological platform has commenced and is expected to generate revenues in the near future.

Operating expenses have experienced a significant increase, attributable in part to non-cash expenditures such as the amortization of development costs, which began in August 2023, as well as the issuance of stock options. Additionally, this rise is also due to the expansion of the development team through the hiring of additional personnel.

The income presented as comparative discontinued operations relates to the divestiture of subsidiaries operating in the field of services provided to pharmacies and in the development of medical educational content. (Details in Note 6 of the condensed interim financial statements).

FINANCIAL POSITION

As of October 31, 2023, the cash balance amounted to \$2.1 million (\$4.6 million as of July 31, 2023), and the working capital showed a ratio of 1.96 compared to 1.62 as of July 31, 2023.

This ratio demonstrates that the Company is able to meet its short and medium-term obligations.

CASH FLOW

The following table provides the sources of the cash flows for the three-month periods ended October 31st, 2023 and 2022:

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Unaudited	October 31, 2023	October 31, 2022
	\$	\$
Operating activities	(1,237,481)	(555,629)
Investing activities	(496,166)	(477,725)
Financing activities	(780,625)	(289,520)
Net decrease in cash	(2,514,272)	(1,322,874)

As of October 31, 2023, and 2022, cash flows related to operating activities are primarily attributable to non-cash items in working capital.

Cash flows related to investment activities of \$496,166 for the three-month period ended October 31, 2023, and \$477,725 for the three-month period ended October 31, 2022, are relate to the capitalization of development expenses.

The cash flows related to financing activities for the three-month periods ending on October 31, 2023, and 2022, are attributable to the repayment of short and long-term debts.

LIQUIDITY AND FINANCING

On December 8, 2023, KDA Group completed a private placement with accredited investors totaling 11,250,000 units at a price of \$0.10 per Unit for total gross proceeds of \$1,125,000. Each Unit consists of one Classe A Share of KDA and one Common share purchase warrant. Each Warrant entitles the holder to purchase one additional Common share of the Corporation at an exercise price of \$0.15 per common share for a period of 24 months ending December 8, 2025. All securities issued pursuant to the Private Placement are subject to a mandatory four-month and one-day hold period expiring on April 9, 2024, in accordance with applicable securities regulations. No finder's fee or commission are payable in connection with the Private Placement.

Improving financial control and cutting off expenses is also underway. Management considers that it could potentially provide savings in excess of \$1MM over the next fiscal year. Better management of cash-flow is taking place through initiatives such as reducing accounts receivable days outstanding and reviewing cash disbursements terms.

RELATED PARTY TRANSACTIONS

The related party transactions are disclosed in note 20 of the audited consolidated financial statements.

CONTINGENCIES

On June 29, 2016, in the purchase agreement of Pharmapar inc. ("PPR"), the Corporation agreed and committed to indemnify the seller for tax litigation up to \$350,000. PPR has been audited by the provincial tax authorities and adjustments are being discussed with the seller of PPR. The outcome of any further action on these matters is currently indeterminable. No adjustments have been reflected in the consolidated financial statements.

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On September 10th, 2021, the Corporation received a letter of formal notice claiming contractual indemnity from a former officer. As of July 31st, 2022, the formal notice is totalling \$760,000. Management is in discussion to settle this matter, but it believes the maximum liability would amount to approximately \$350,000, which was recorded in the year ended July 31st, 2022.

On September 21st, 2022, the Corporation received an Originating Application claiming contractual indemnity from a former officer, totalling \$723,191, and a request for the issuance of 1,000,000 Class A shares. On October 24th, 2022, the Corporation filed an Originating Application against the former officer requesting an amount of approximately \$474,200.

BASIS OF PRESENTATION AND GOING CONCERN

The Corporation unaudited consolidated financial statements have been prepared based on accounting principles applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of operations as they become due. In assessing whether the going concern assumption is appropriate, management considers all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. These unaudited consolidated financial statements do not reflect the adjustments to the carrying value of assets and liabilities, the reported amounts of revenues and expenses and the classification of statement of financial position items if the going concern assumption was deemed inappropriate, and these adjustments could be material.

In preparing these unaudited consolidated financial statements, management exercises judgement when applying the accounting policies as detailed in note 2 of its audited consolidated financial statements. These unaudited consolidated financial statements of the Corporation for the three-month periods ended October 31st, 2023 were approved and authorized by the Board of Directors on December 19, 2023.

STATEMENT OF COMPLIANCE WITH IFRS

The condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as of October 31st, 2023.

NEW ACCOUNTING PRONOUNCEMENTS ADOPTED

There were no new accounting treatments adopted during the period ended October 31st, 2023.

FINANCIAL INSTRUMENTS

The financial instruments are described in note 18 of the condensed consolidated interim financial statements as of October 31st, 2023.

FINANCIAL RISKS, MANAGEMENT OBJECTIVES AND POLICIES

Financial risks, management objectives and policies are described in note 18 of the condensed consolidated interim financial statements as of October 31st, 2023.

OTHER RISKS AND UNCERTAINTIES

The business is subject to significant risks and uncertainties and past performance is no guarantee of future performance. Our actual results could differ materially from the results contemplated in this MD&A due to important factors. The foregoing risks and uncertainties are not exhaustive and does not necessarily include all the important factors that could cause actual results to differ materially from those expressed in any of our forward-looking statements.

Additional risks and uncertainties, not presently known to us, may become material in the future or those risks that we currently believe to be immaterial may become material in the future. If any of the foregoing risks occur, alone or in combination, our business, financial condition, and results of operations, as well as the market price of our common shares, could be materially adversely affected.

Operating Environment – The Corporation is subject to changes in its general operating environment. The Corporation is exposed to the following elements affecting its operating environment: the availability of pharmacists, sufficient qualified personnel to provide specialized training, and the average compensation offered on the market.

General Economic Conditions – Demand for education and specialized training and replacement pharmacists is closely linked to the state of the health industry and overall economy. Consequently, a decline in general economic growth could adversely affect the Corporation's performance.

Interest Rate Fluctuations – Changes in interest rates may result in fluctuations in the Corporation's future cash flows related to interest payment of its long-term debt.

Reliance on Key Personnel – The future success of the Corporation will be based on the quality of its management and key personnel. The loss of key personnel could have a negative effect on the Corporation. In addition, to execute its growth plan, the Corporation must attract and retain highly qualified personnel. Competition for these personnel is intense and there can be no assurances that the Corporation will be able to continue to attract and retain the personnel necessary for the development and operation of the Corporation's business.

Inability to Leverage Technology – The Corporation's future growth depends, in part, on its ability to leverage its technology to offer new solutions. Development of new solutions is complex and subject to some risks present in the industry. The Corporation may not be able to successfully launch new solutions, and there can be no assurances the Corporation's development efforts will be successful in competing and launching such solutions. There can be no assurances that the Corporation will successfully develop or commercialize new solutions in a timely manner or at all, or that such solutions will achieve market acceptance. Any failure to design and implement new solutions on a timely basis and at a price acceptable to the Corporation's target markets may have a material adverse effect on the Corporation's business, growth, operating results and financial condition.

Credit Facilities – The Corporation's credit facilities and financing agreement mature on various dates. There can be no assurance that such credit facilities or financing agreements will be renewed or refinanced, or if renewed or refinanced, that the renewal or refinancing will occur on equally favorable terms to the Corporation.

Credit Risks – The Corporation provides services to clients primarily in Canada. The concentration of credit risk to which the Corporation is exposed is limited due to the significant number of customers that make up its client base and their distribution across different geographic areas. No single customer accounts for more than 10% of the Corporation's revenues

Availability of Capital – The Corporation’s future growth may be dependent on the Corporation’s ability to fund a portion of its capital expenditures and working capital with the current credit facilities and financing agreement. The Corporation may be required to reduce dividends or sell additional shares in order to accommodate these items. There can be no assurance that sufficient capital will be available on acceptable terms to the Corporation for necessary or desirable capital expenditures or that the amount required will be the same as currently estimated.

Cybersecurity Risks – Increasingly, companies are subject to a wide variety of attacks on their networks and systems on an ongoing basis. In addition to traditional computer “hackers”, malicious code (such as viruses and worms), employee theft or misuse, and denial-of-service attacks, sophisticated nation-state and nation-state supported actors now engage in cybersecurity attacks (including advanced persistent threat intrusions). Despite significant efforts to create security barriers to such threats, it is virtually impossible for the Corporation to entirely mitigate these risks. The security measures the Corporation has integrated into its internal network and platform, which are designed to detect unauthorized activity and prevent or minimize security breaches, may not function as expected or may not be sufficient to protect its internal networks and platform against certain attacks. In addition, techniques used to sabotage or to obtain unauthorized access to networks in which data is stored or through which data is transmitted change frequently and generally are not recognized until launched against a target. As a result, the Corporation may be unable to anticipate these techniques or implement adequate preventative measures to prevent an electronic intrusion into its networks.

If a breach of customer data security were to occur, as a result of third-party action, employee error, malfeasance or others, and the confidentiality, integrity or availability of the customers’ data was disrupted, the Corporation could incur significant liability to its customers and to individuals or business whose information was being stored by its customers, and its products may be perceived as less desirable, which could negatively affect the Corporation’s business and damage its reputation. Security breaches impacting the Corporation’s products could result in a risk of loss or unauthorized disclosure of customers’ information, which, in turn, could lead to litigation and possible liability. In addition, a network or security breach could damage the Corporation’s relationships with its existing customers, resulting in the loss of customers, and have a negative impact on its ability to attract and retain new customers.

These breaches, or any perceived breach, of the Corporation’s network, its customers’ networks, or other networks, whether any such breach is due to a vulnerability in the Corporation’s products, may also undermine confidence in its products and result in damage to its reputation, negative publicity, loss of customers and sales, increased costs to remedy any problem, and costly litigation. Third parties may attempt to fraudulently induce employees or customers into disclosing sensitive information such as usernames, passwords or other information, or otherwise compromise the security of the Corporation’s internal networks, electronic systems and/or physical facilities in order to gain access to its data or its customers’ data, which could result in significant legal and financial exposure, loss of confidence in the security of its products, interruptions or malfunctions in its operations, and, ultimately, harm to its future business prospects and revenue. The Corporation may be required to expend significant capital and financial resources to protect against such threats or to alleviate problems caused by breaches in security. Failure to prevent or mitigate security breaches and improper or unauthorized access to, use or disclosure of our data or customer data, including any personal information and personal health information, could result in the loss or misuse of such data, which could harm our business and reputation.

Litigation – The Corporation may become party to litigation, mediation and/or arbitration from time to time in the ordinary course of business which could adversely affect its business. Monitoring and defending against legal

actions, whether meritorious or not, can be time-consuming, divert management's attention and resources and cause the Corporation to incur significant expenses. In addition, legal fees and costs incurred in connection with such activities may be significant and the Corporation could, in the future, be subject to judgments or settlements of claims for significant monetary damages. Substantial litigation costs or an adverse result in any litigation may adversely impact the Corporation's business, operating results or financial condition.

Volatile Market Price for Common Shares – The market price for the Common Shares may be highly volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Corporation control, including, but not limited to: (i) actual or anticipated fluctuations in the Corporation's operating results; (ii) changes in the economic performance or market valuations of companies in the industry in which the Corporation operates; (iii) addition or departure of the Corporation's executive officers and other key personnel; (iv) sales or anticipated sales of additional Common Shares; (v) significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Corporation or its competitors; (vi) announcements of technological innovations, patents or new commercial products by the Corporation or its competitors; (vii) regulatory changes affecting the Corporation's industry generally and its business and operations; (viii) news reports relating to trends, concerns, technological or competitive developments and other related issues in the Corporation's industry or target markets; and (ix) changes in global financial markets, global economies and general market conditions. The Common Shares have been subject to significant price and volume fluctuations historically and may continue to be subject to significant price and volume fluctuations in the future. Significant market price and volume fluctuations can affect the market prices of equity securities of companies and have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Common Shares may decline even if the Corporation's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are lasting and not temporary, which may result in impairment losses. There can be no assurance that fluctuations in share price and volume will not occur. Further, there can be no assurance that an active and liquid market for the Common Shares will develop, and investors may find it difficult to resell the Common Shares. If such increased levels of volatility and market turmoil continue, the Corporation's operations could be adversely impacted, and the trading price of the Common Shares may be materially adversely affected. As a result of any of these factors, the market price of the Common Shares at any given point in time may not accurately reflect the long-term value of the Corporation.

Ongoing Costs and Obligations Related to Investment in Development – The Corporation expects to incur significant ongoing costs and obligations related to the development, marketing and commercialization of our technology, which could have a material adverse impact on our results of operations, financial condition and cash flows. The Corporation's efforts to grow our business may be costlier than expected, and the Corporation may not be able to generate sufficient revenue to offset such higher operating expenses. The Corporation may incur significant losses in the future for some reasons, including unforeseen expenses, difficulties, complications and delays, and other unknown events.

Costs and Obligations – Internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. However, internal controls over financial reporting are not guaranteed to provide absolute assurance regarding the reliability of financial reporting and financial statements. Any failure to develop or maintain effective controls or any difficulties encountered in their implementation could harm the Corporation's results of operations or cause the Corporation to fail to meet its reporting obligations and may result in a restatement of its financial

statements for prior periods. Ineffective disclosure controls and procedures and internal control over financial reporting could also cause investors to lose confidence in the Corporation's reported financial and other information, which would likely have a negative effect on the trading price of the Common Shares. Management does not expect that the Corporation's disclosure controls, and procedures and internal controls over financial reporting will prevent all error and all fraud. A control system, no matter how well designed and implemented, can provide only reasonable, not absolute, assurance that its objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues within a corporation are detected. The inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by individual acts of some persons, by collusion of two or more people or by management override of the controls. Due to the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

CAPITAL MANAGEMENT

For the purposes of capital management, capital consists of share capital and retained earnings of the Corporation. The Corporation's objectives when managing capital are:

- To ensure proper capital investment in order to provide stability and competitiveness to its operations.
- To ensure sufficient liquidity to pursue its growth strategy and undertake selective acquisitions.
- To maintain an appropriate debt level so that there is no financial constraint on the use of capital.
- To maintain investors, creditors and market confidence.

In managing capital structure, the Corporation manages its capital through regular reports to the board of directors, as well as management review of monthly or quarterly financial information.

The Corporation seeks to maintain a balance between the highest returns that might be possible with higher levels of borrowing and the advantages and security by a sound capital position. There were no changes in the Corporation's approach to capital management during the year.

OUTLOOK

The Corporation will continue to develop and want to start the commercialization an electronic adherence platform to create a relation between the patient, doctors, pharmacies, and insurance companies. Regarding our E-Prescribing system, we are discussing with certain countries in Asia, Middle East and with certain groups in the USA to implant our platform. KDA is well positioned for the future.

ADDITIONAL INFORMATION AND CONTINUOUS DISCLOSURE

This MD&A was prepared as of the date shown in the header of this document. Additional information relating to the Corporation can be found on the website www.sedar.com and on our website www.kdagroup.ca.



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GENERAL INFORMATION

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